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DAN E. ARNETT
CHIEF OF STAFF

August 1, 2005

VIA HAND DELIVERY

David Butler, Senior Counsel
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Re: Petition of the Office of Regulatory Staff to Request Forfeiture of the
Bond and to Request Authority to Petition the Circuit Court for
Appointment of a Receiver.
PSC Docket No.: 2005-110-W/S

Dear David:

For your docket, please find enclosed three (3) copies of the Consent Order in
Civil Case No.: 05-CP-40-3716. Also, if you would please date stamp the extra copy
enclosed and return it to me via our courier.

Please let me know if you have any questions

Sincerely,

Benjamin P. Mustian

BPM/rng
Enclosures

cc: D. Reece Williams, IV, President
Louis Lang, Esquire
Jessica J.O. King, Esquire

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2005-110-W/S

IN RE: Petition of the Office of Regulatory)
Staff to Request Forfeiture)
of the Piney Grove Utilities, Inc.)
Bond And to Request Authority)
To Petition the Circuit Court for)
Appointment of a Receiver)
_____)

CERTIFICATE OF SERVICE


This is to certify that I, Rena Grant, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **Consent Order Issued in Civil Case No.: 05-CP-40-3716** to the person(s) named below:

VIA CERTIFIED MAIL

Louis Lang, Esquire
Callison, Tighe & Robinson, LLC
1812 Lincoln Street, Suite 200
Columbia, SC 29202-1390

VIA U.S. MAIL

Jessica J.O. King, Esquire
DHEC
2600 Bull Street
Columbia, SC 29201



Rena Grant

August 1, 2005
Columbia, South Carolina

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

IN THE COURT OF COMMON PLEAS
FIFTH JUDICIAL CIRCUIT
Civil Case No.: 05-CP-40-3716

South Carolina Department of Health and
Environmental Control,

Plaintiff,

vs.

Piney Grove Utilities, Inc.,

Defendant.

CONSENT ORDER

BARBARA A. SCOTT
C.C.C. & G.S.

2005 JUL 29 PM 2:49

FILED

Prior to a hearing on the Motion for a Temporary Injunction, the parties notified this Court that they had reached agreement as to the issue of a temporary injunction as requested in Plaintiff South Carolina Department of Health and Environmental Control's (DHEC) Motion for Temporary Injunction, and the parties agree as follows:

1. The Defendant consents to the appointment by this Court, in accordance with S.C. Code Ann. § 15-65-10(4), of a temporary receiver for Defendant's public water system and wastewater collection and treatment systems at Franklin Park Subdivision and Defendant's public water system at Albene Park Subdivision (collectively, the "Facilities").
2. Plaintiff has entered into a Temporary Receivership Agreement with Richland County and Defendant has no objection to Richland County serving as temporary receiver of the Facilities in accordance with the Agreement (Exhibit 1).
3. Accordingly, Richland County is appointed as temporary receiver of the Defendant's

Facilities subject to the terms and conditions in the Temporary Receivership Agreement between DHEC and Richland County, and as such will:

- a) serve without bond until further order of this court;
- b) be empowered to do all things needful to ensure proper operation and maintenance of the facilities;
- c) be empowered to access at all times the facilities and any appurtenances thereto (including pump stations, collection lines, etc.); and,
- d) be empowered to charge reasonable monthly rates, fees and other charges to its customers, and to discontinue service for those customers who do not make timely payment for services or otherwise observe the procedures of the receivers with respect to service.

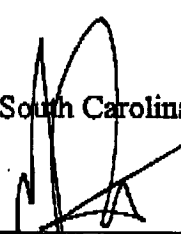
4. The Defendant agrees that, within ten (10) days, it will provide Richland County with such business records as are available regarding current customer information and monthly income and expenses at the subject facilities.

IT IS SO ORDERED.

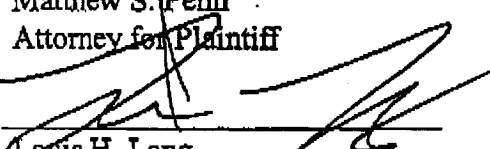
July 29, 2005

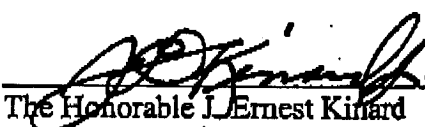
Richland County, South Carolina

I consent:


Matthew S. Penn
Attorney for Plaintiff

I consent:


Louis H. Lang
Attorney for Defendant


The Honorable J. Ernest Kinard
Fifth Judicial Circuit
Richland County

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

**TEMPORARY RECEIVERSHIP
AGREEMENT**

WHEREAS, the parties to this Agreement are Richland County, South Carolina ("County") and the South Carolina Department of Health and Environmental Control ("SCDHEC");

WHEREAS, the wastewater collection and treatment facility (the "WWTF"), which serves homes in the Franklin Park Subdivision in Richland County, South Carolina, is authorized by National Pollutant Discharge Elimination System (NPDES) Permit No. SC0031399 to discharge treated wastewater into the Cabin Branch to Myers Creek leading to the Congaree River, consistent with the effluent limitations, monitoring requirements, and other conditions as set forth therein;

WHEREAS, the public water systems (each, a "PWS"), which serve homes in the Franklin Park Subdivision (Water System #4050016) and the Albene Park Subdivision (Water System #4050007) in Richland County, South Carolina, are authorized by SCDHEC to provide water service to the residents of said subdivisions;

WHEREAS, the County has agreed to operate the WWTF and PWS at Franklin Park Subdivision and the PWS at Albene Park Subdivision (collectively, the "Facilities") in order to assist and help the citizens who rely on the proper operation of the Facilities, and is entering into this Agreement as a service to the community;

WHEREAS, it is recognized that the County's temporary receivership will not become effective until a judge with competent jurisdiction authorizes the County to serve as a temporary receiver. Both parties to this Agreement further recognize that SCDHEC will seek an order from the applicable court which gives the County the authority to enter onto the premises of the Facilities (including authority to access the collection lines and distribution lines for maintenance) at all times, to do any and all things needful to operate and maintain the Facilities, to collect monthly rates and charges for water and for sewage treatment from the Facilities' customers, and to terminate service for customers who do not timely pay water or sewage treatment bills.

KNOW ALL MEN BY THESE PRESENTS, in consideration of the mutual benefits to be derived by each party, they do hereby promise, covenant and agree as follows:

1. The County hereby agrees to be responsible for the operation and maintenance of the existing equipment connected with the Facilities (subject to the limitation on County's expenditure of funds in section 4 of this Agreement). SCDHEC agrees that so long as the County makes a good-faith effort and uses due diligence to operate the Facilities in compliance with this Agreement, the permit conditions, and applicable laws and regulations, it shall not be liable for violations or

enforcement actions related to the Facilities during the term of this Agreement; provided, however, that nothing herein shall be construed to bar SCDHEC from bringing appropriate actions in the event of violations due to willful conduct or gross negligence. The County will operate and maintain the Facilities to the best of its ability in accordance with this Agreement:

a. NPDES Permit # SC0031399 for the WWTF will remain in the name of Piney Grove Utilities, Inc. for the time being, and will remain in effect.

b. The County will provide regular visits on at least a five-day a week basis to the Facilities by a certified operator of the appropriate grade.

c. The County will be responsible for provision of all chemicals and maintenance in accordance with accepted industry standards to the best of its ability, subject to the terms of this Agreement.

d. The County will monitor the effluent discharge at the WWTF according to permit requirements and complete and submit monthly Discharge Monitoring Reports to SCDHEC in accordance with the NPDES Permit.

e. The County will perform water quality monitoring at each PWS as required by applicable laws and regulations.

2. The County will collect rates due from each residential customer in accordance with the County's published water and wastewater rates for customers. The County shall require each customer to execute all County water and wastewater service agreements along with payment of applicable deposits.

3. Either party has the option to terminate this Agreement upon seven (7) days written notice to the other party at any time.

4. The County will not be required to upgrade the Facilities but will maintain them in their current condition, replacing elements of the Facilities where necessary and practicable to keep the Facilities operating properly, provided the County shall not be required to spend more on operation and maintenance than the amount the County is netting from the rate structure described herein. Furthermore, if the County estimates that necessary operation and maintenance costs to allow the Facilities to operate properly will exceed these net proceeds, the County shall notify SCDHEC of that in advance and SCDHEC shall use reasonable efforts to obtain the Court's permission to raise applicable rates or to obtain funds to put towards the operation and maintenance costs. Nothing herein, however, would prevent the County from upgrading the Facilities where reasonable funds exist and the County is willing to undertake such upgrade activities and expenditures.

5. As temporary receiver for the Facility, the County will not be required to file an application for renewal of NPDES Permit No. SC0031399 with SCDHEC.

6. The County shall not be liable for the payment of any claims, fines, or judgments that may be pending against Piney Grove Utilities, Inc., either now or in the future, nor shall the County be liable for any financial obligations and/or debts of Piney Grove Utilities, Inc., either now or in the future.

7. SCDHEC hereby releases, acquits and forever discharges the County of and from any and all Claims, known or unknown, whether in law or in equity, and whether in contract, tort or otherwise, which SCDHEC ever had or now has against Piney Grove Utilities, Inc. or the current operator(s) of the Facilities serving the Franklin Park and Albene Park Subdivisions arising out of such operator(s)'s violation of Applicable Laws in operating or owning the Facilities, including, without limitation, any violations arising out of contamination to Cabin Creek or the Congaree River arising out of discharge of sewage from the WWTF into such water bodies.

8. As used in this Agreement, the following bold terms shall have the following meanings:

a. **Applicable Laws** means and refers to all existing and future federal, state and local laws, statutes, codes, orders, rules and regulations applicable to the Facilities or the provision of water or sewer utility services in the United States of America or the State of South Carolina, including, without limitation, the rules and regulations promulgated by federal, state and local authorities such as the Environmental Protection Agency, SCDHEC, the South Carolina Public Service Commission and the South Carolina Office of Regulatory Staff.

b. **Claims** means and refers to any and all of the following: claims, demands, judgments, expenses, costs, liabilities, liens, suits, sums of money, causes of action, controversies, set-offs, counterclaims, third-party actions, proceedings, attorneys' fees and costs, or any liabilities whatsoever, without exception.

9. SCDHEC shall hold harmless the County and its officers, employees, agents, attorneys, contractors, successors and assigns, from and against any and all Claims (including, without limitation, court costs, attorneys' fees and expenses, engineers' fees and expenses and the fees and charges of any contractor or expert retained or consulted by the County arising out of loss of life, injury to persons, property or business or damage to natural resources or remediation thereof, arising directly or indirectly from or in connection with, with respect to, or as a direct or indirect result of any conditions existing with respect to Albene Park and Franklin Park Subdivisions, any adjoining or nearby land, streams, creeks or other bodies of water, or the Facilities prior to or on the

date of this Agreement arising from or related to the permittee's operation of the Facilities in violation of Applicable Laws or the County's operation of the Facilities after the date of this Agreement provided the County complies with the terms of this Agreement and the claims do not arise out of the County's willful misconduct or gross negligence.

10. Upon execution of this Agreement, the County shall act as a temporary receiver for a period of time not to exceed one (1) year until or unless: (a) either party terminates this Agreement upon seven (7) days written notice or (b) the County acquires the subject Facilities and becomes permanent owner and operator of the Facilities.

11. The undersigned hereby represent that he or she has authority to enter into this Agreement and does so voluntarily on the date given below.

THIS AGREEMENT is hereby executed in triplicate this 28th day of July, 2005.

Witnesses:

Alton C. Booz
Andy Miller

South Carolina Department of Health
and Environmental Control

By: C. Earl Hunter
C. Earl Hunter, Commissioner
South Carolina Department of
Health and Environmental Control

Witnesses:

Amelia R Linder
Elizabeth A. Mel

Richland County, South Carolina

By: W. Anthony McDonald
FOR T. Cary McSwain, County Administrator
Richland County, South Carolina